



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Building Division**

<b>TO:</b>	Chair and Members Planning Committee
<b>COMMITTEE DATE:</b>	December 1, 2015
<b>SUBJECT/REPORT NO:</b>	Increase to Permit Fees under the Building By-law (PED15191) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Jorge M. Caetano (905) 546-2424 Ext. 3931
<b>SUBMITTED BY:</b>	Jason Thorne General Manager Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the By-law, attached as Appendix “A” to Report PED15191 to amend City of Hamilton By-law No. 15-058, the Building By-law, be enacted.
- (b) That the fees prescribed in the By-law, attached as Appendix “A” to Report PED15191, be included in the User Fees and Charges By-law, replacing the fees listed under the heading “Classes of Permits and Fees New Construction and Additions Building Classifications per the Building Code”.

**EXECUTIVE SUMMARY**

On May 18, 2010, (Report PED10050(a)), Council directed the Building Division to adjust permit fees in January of every year to reflect budgetary increases. This Report explains the rationale for increasing the permit fees to cover the reasonable and necessary cost increases associated with budgetary increases expected in 2016. Based on projected expenses, the Building Division is proposing an increase of 3.7% for all permit fees.

Staff are also proposing to delegate the authority to enter into and sign Limiting Distance Agreements to the Chief Building Official to assist in expediting the building permit process while still ensuring that the City’s interests are protected. A Limiting Distance Agreement would only be available to an applicant/owner under very specific conditions set out in the Building Code. It would not apply to land that is owned by the City and would not impose any obligations on the City.

**Alternatives for Consideration – See Page 4**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Approval of the revised Building Permit Fees will ensure that all direct and indirect costs associated with delivering services related to administration and enforcement of the *Building Code Act, 1992* are fully recovered.

Staffing: Not applicable.

Legal: The recommendations have no legal implications.

**HISTORICAL BACKGROUND**

On May 18, 2010, (Report PED10050(a)), Council directed the Building Division to adjust permit fees in January of every year to reflect budgetary increases.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Ontario Building Code and *Building Code Act, 1992*.

**RELEVANT CONSULTATION**

Legal Services Division has been consulted.

Finance, Administration & Revenue Generation Division has been consulted.

**ANALYSIS AND RATIONAL FOR RECOMMENDATION**

Table 1 below provides a summary of the budgeted expenses under the Building Enterprise Model associated with the administration and enforcement of the *Building Code Act, 1992* for 2015 and 2016.

**TABLE 1**

<b>Building Division</b>		
<b>Statement of Expenses for the Building Enterprise Model</b>		
<b>(Budget)</b>		
	<b>2015 Budget</b>	<b>2016 Draft Budget</b>
Expenses		
Direct Costs	\$ 9,396,100	\$ 9,771,650
Indirect Costs	\$ 609,710	\$ 609,300
<b>Total Expenses</b>	<b><u>\$10,005,810</u></b>	<b><u>\$10,380,950</u></b>

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Based on budget figures, the Building Division's expenditures for 2016 are expected to increase to \$10.38 million from the 2015 budget expenditures of \$10.01 million. This increase is mainly due to inflationary/cost of living increases from labour and administrative costs including pension and other employee benefits which our Division will incur in 2016. Based on the figures noted in Table 1, the Division's projected increase in expenses from 2015 to 2016 is 3.7%. Accordingly, to meet this expected increase, the Building Division is proposing to increase permit fees by 3.7% (see Appendix "B"). This will ensure that fees cover the expected cost increases associated with budgetary increases in the cost of operations incurred in 2016.

Please note that, in order to simplify fees, the proposed 3.7% permit fee increase shown on the attached Appendices have been rounded off to the nearest full cent for all fees under \$100 and to the nearest full dollar for all fees over \$100.

As additional information, staff undertook a survey of the current permit fees of seven Ontario Municipalities for several different classifications of permits as shown in Appendix "C". The proposed 2015 permit fees for the City of Hamilton in these classifications, with the exception of Group C Residential House, are all below the average of the sampled Municipalities. However, it should be noted that the City of Burlington has two permit fees for a residential house. For a house with a total area of 300 m<sup>2</sup> the fee is \$10.59 per m<sup>2</sup>, for a house over 300 m<sup>2</sup> the fee is \$13.65 per m<sup>2</sup>. In Appendix "C" the lower fee was used for comparison purposes, if the higher fee had been used then the average for a residential house would have been \$14.46 per m<sup>2</sup> and would have put Hamilton's proposed 2016 fee of \$14.35 per m<sup>2</sup> for a residential house below the average of all seven municipalities. Additionally, with the exception of the Town of Oakville, the permit fees provided for comparison are based on 2015 rates and do not reflect any proposed fee increase for 2016.

The Building Division is also proposing to delegate the authority to enter into and sign Limiting Distance Agreements to the Chief Building Official as set out in 3.2.3.1.(11), 9.10.14.2.(4) and 9.10.15.2.(4) of Division B of the Building Code. The Building Code limits the number of protected openings (e.g. windows and doors) in exterior walls to reduce the potential for fire spreading to adjacent buildings, existing or proposed. However, the Building Code also permits an increased number of unprotected openings where a Limiting Distance Agreement has been entered into with the municipality and the adjacent property owner. These limiting distance agreements are registered on title to the properties involved. Since most of the requirements for a Limiting Distance Agreement deal with technical building code matters staff feel that it would be more appropriate for the Chief Building Official to review and execute these agreements on behalf of the City. A Limiting Distance Agreement would only be available to an owner under very specific conditions set out in the Building Code. This agreement would not apply to any lands owned by the City and would not impose any obligations on the City. The form of the agreement would be reviewed by the Legal Services Division. Without this delegated authority, the Building Division would have to bring every Limiting Distance Agreement to the Planning Committee and Council for approval and have the

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Mayor and Clerk execute it. This would result in a delay in the issuance of a building permit.

Staff are also proposing corrections to two of the descriptions contained in the Administration Fees section of Schedule "A" of the Building By-law by adding the word Permit to Change of Use and Occupancy of an Unfinished Building in order to clarify the intent.

Increasing the permit fees to cover the reasonable and necessary cost increases associated with budgetary increases expected in the cost of operations from 2015 to 2016 will ensure that any required increase associated with the administration and enforcement of the *Building Code Act, 1992* is covered by the users of the system with no reliance placed on the general levy for its operation.

**ALTERNATIVES FOR CONSIDERATION**

The alternative would be to maintain the current fees, however, this could result in having to transfer additional funds from the Building Stabilization Fund which would go against the Building Division's mandate of administering and enforcing the *Building Code Act, 1992* as a fully cost-recovered and self-funded program within the City. Maintaining the current fees would also go against Council's direction given on May 18, 2010, (Report PED10050(a)) to the Building Division to adjust permit fees in January of every year to reflect budgetary increases in the cost of operations.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

**APPENDICES AND SCHEDULES ATTACHED**

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Appendix "A" – Proposed Building By-law

Appendix "B" – Existing and Proposed Permit Fees

Appendix "C" – Permit Fee Comparison

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